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413**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Securities Research, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3055 Cardinal Drive

(No. and Street)

Vero Beach

FL

32963

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Thaddeus Cook

(772) 231-6689

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Horowitz &amp; Ullmann, P.C.

(Name - if individual, state last, first, middle name)

232 Madison Avenue, Ste 1200 New York

NY

10016

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Thaddeus Cook, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Securities Research, Inc., as of December 31, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

the Star

Signature

President

Title

Virginia Gray  
Notary Public

**VIRGINIA GRAY**  
**NOTARY PUBLIC**  
COMMISSION EXPIRES 11/30/20

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**SECURITIES RESEARCH, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

# **SECURITIES RESEARCH, INC.**

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**HOROWITZ & ULLMANN, P.C.**  
C e r t i f i e d   P u b l i c   A c c o u n t a n t s

A member of the  
AICPA Center for Audit Quality  
New York State Society of CPAs  
PCAOB registered

232 Madison Avenue, Suite 1200  
New York, NY 10016  
Telephone: (212) 532-3736  
Facsimile: (212) 545-8997  
E-mail: cpas@horowitz-ullmann.com

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
of Securities Research, Inc.

*Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of Securities Research, Inc. ("the Company") as of December 31, 2019, the related statements of income, changes in shareholders' equity and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Auditor's Report on Supplemental Information*

The information in Schedules number "1" through "4" has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included

determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the information in Schedules number "1" through "4" is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2014.

*Horwitz & Ullmann, P.C.*

New York, NY  
February 26, 2020

**SECURITIES RESEARCH, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 493,275
Cash-restricted	125,000
Receivable from clearing broker	194,630
Marketable securities owned, at fair value	1,428,914
Right of use asset	45,429
Prepaid expense and deposits	<u>2,737</u>

<b>TOTAL ASSETS</b>	<b><u>\$2,289,985</u></b>
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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 119,614
Lease liability	<u>45,429</u>

<b>TOTAL LIABILITIES</b>	<b><u>165,043</u></b>
--------------------------	-----------------------

**SHAREHOLDERS' EQUITY**

Capital Stock	
Common share, no par value, authorized 100 shares; issued and outstanding 50 shares	500
Additional paid-in capital	1,040,466
Retained earnings	<u>1,083,976</u>

<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>2,124,942</u></b>
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<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$2,289,985</u></b>
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**SECURITIES RESEARCH, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**REVENUES**

Commissions	\$ 375,689
Customer account fees	284,711
Margin balance income	261,066
Mutual fund sales fees	246,507
Gain on investment securities	147,271
Interest and dividends	31,937
Other	<u>22,537</u>

Total revenues	<u>1,369,718</u>
----------------	------------------

**EXPENSES**

Employee compensation	528,103
Commission expense	255,167
Employee benefits	161,645
Clearance charges	69,714
Payroll taxes	40,786
Occupancy	39,342
Professional fees	21,826
Telephone	21,595
Registration fees	20,960
Quotation services	18,869
Travel and entertainment	12,547
Insurance expense	7,469
Payroll processing fees	5,282
Office supplies and expenses	3,666
Miscellaneous expenses	<u>5,171</u>

Total expenses	<u>1,212,142</u>
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NET INCOME BEFORE PROVISION FOR INCOME TAX	157,576
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PROVISION FOR INCOME TAX	<u>96</u>
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NET INCOME	<u>\$ 157,480</u>
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**SECURITIES RESEARCH, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	<u>\$ 157,480</u>
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Adjustments to reconcile net income to net  
cash used for operating activities:

Gain on securities	(141,449)
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Changes in assets and liabilities:

Increase in receivable from clearing broker	(57,001)
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Decrease in accounts payable and accrued expenses	<u>(17,840)</u>
---	-----------------

Total adjustments	<u>(216,290)</u>
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<b>NET DECREASE IN CASH</b>	<b>(58,810)</b>
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**CASH, CASH EQUIVALENTS AND  
RESTRICTED CASH - Beginning of year**

677,085

**CASH, CASH EQUIVALENTS AND  
RESTRICTED CASH- End of year**

\$ 618,275

**SECURITIES RESEARCH, INC.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Common Stock No Par</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balances				
January 1, 2019	\$500	\$1,040,466	\$926,496	\$1,967,462
Net income	<u>-</u>	<u>-</u>	<u>157,480</u>	<u>157,480</u>
Balances				
December 31, 2019	<u>\$500</u>	<u>\$1,040,466</u>	<u>\$1,083,976</u>	<u>\$2,124,942</u>

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Nature of Business**

Securities Research, Inc., (the Company) was incorporated on October 16, 1978, under the laws of the State of Florida. The Company is a wholly owned subsidiary of JATS Corporation, (The Parent Company), of Lake Charles, LA. The Company is a broker-dealer registered with the SEC and is a member of various exchanges and the Financial Industry Regulatory Authority (FINRA). The home office is located in Vero Beach, Florida. The Company also has other offices in Florida and Virginia.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including principal transactions, agency transactions and investment advisory services.

**Revenue Recognition**

The Company recognizes revenue in accordance with ASC Topic 606, "Revenue from Contracts with Customers". The core principal of the standard is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods and services.

**Commissions** - The Company earns commissions on securities orders it executes on behalf of the customer. The related commission income and clearing expense are recognized on a trade-date basis. All such transactions are cleared through another broker-dealer on a fully disclosed basis.

**Customer Account Fees** - The Company earns fee income from customer account balances that are offered through the clearing broker and designated by the customer. The income is computed daily and paid monthly by the clearing firm. The income is recognized monthly by the Company.

**Margin Balance Income** - The Company earns interest income on customer margin balances. The firm's clearing broker shares the income it earns with the Company based upon total customer margin balances held by the clearing broker. The income is computed daily and paid monthly by the clearing firm. The income is recognized by the Company on a monthly basis.

**Mutual Fund Sales Fees** - The Company earns sales fee income on mutual fund transactions for mutual fund orders taken on behalf of its customers and executed on a fully disclosed basis through its clearing broker. The sales fee income is recognized on a trade date basis.

**Securities Transactions** - Profit and loss arising from securities and commodities transactions entered into for the account and risk of the Company are recorded on a settlement date basis. The Company uses the specific identification method for determining the cost basis in computing realized gains and losses.

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies (Continued)**

Marketable securities are valued at market value based on the closing prices as listed on the securities exchange on the last business day of each month. The resulting difference between cost and market is included in income as unrealized gain or loss.

**Collateralized Agreements**

The Company does not engage in transactions involving securities purchased under agreements to resell or securities sold under agreement to repurchase.

**Accrued Commission Receivable**

The Company records accrued commission receivable for trading commissions earned but not received as of December 31, 2019. It has not recorded any provision for doubtful accounts because management believes that the accrued commission receivable will be fully collected.

**Income Taxes**

The Company is included in the consolidated federal income tax return filed by the Parent. Federal income taxes are calculated as if the companies filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from the Parent. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company recognizes and measures its unrecognized tax benefits in accordance with ASC 740, "Income Taxes." Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events through February 26, 2020 the date which the financial statements were available to be issued.

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**3. Fair Value Measurements**

The Company adopted ASC topic 820, "Fair Value Measurements and Disclosures", which defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimates or assumptions that market participants would use in pricing the asset or liability.

The Company's investment in marketable securities consists entirely of Level 1 securities utilizing valuation techniques consisting exclusively of quoted market prices.

**4. Cash-Restricted**

Cash of \$125,000 has been segregated in a special deposit account with the clearing broker for the benefit of customers under agreement with the clearing broker.

**5. Supplementary Cash Flow Information**

**Reconciliation of Cash, Cash Equivalents, and Restricted Cash:**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported with the Statement of Cash Flows that sum to the total of the same such amounts shown in the Statement of Cash Flows:

Cash and cash equivalents	\$493,275
Restricted cash	<u>125,000</u>
Total cash, cash equivalents, and restricted cash shown in the Consolidated Condensed Statement of Cash Flows	<u>618,275</u>
Income Tax Payments:	
State income taxes paid	<u>\$ 96</u>

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**6. Concentration of Credit Risk**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

The Company maintains cash in bank accounts which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

**7. Leases**

The Company records its obligations under operating leases for its offices with noncancelable terms in excess of one year in accordance with ASU No. 2016-02 "Leases (Topic 842)". The ASU requires that, for leases longer than one year, a lessee recognize in the statements of financial position a right of use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments.

On January 1, 2019, the Company recorded a right of use asset in the amount of \$79,129, which will be amortized over the remaining lease term in the amount equal to the difference between the calculated straight-line expense of the total lease payments less the monthly interest calculated on the remaining lease liability. As of December 2019, the Company has a long-term lease asset of \$45,429 recorded in property and equipment in its statement of financial position.

The Company will recognize lease expense, calculated as the remaining cost of the lease allocated over the remaining lease term on a straight-line basis. Lease expense will be presented as part of occupancy expense in the statement of income. For the year ended December 31, 2019, the Company recognized \$33,700 in lease expense.

For the year ended December 31, 2019, the Company paid \$38,111 in rent relating to the leases. As a payment arising from an operating lease, the \$38,111 will be classified within operating activities in the statement of cash flows.

**8. Net Capital Requirements**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions, of \$250,000 or 6 2/3% of aggregate indebtedness as defined, if larger. Net capital and aggregate indebtedness fluctuate from day to day but, at December 31, 2019, the Company's net capital exceeds such capital requirements by \$1,502,916 and the ratio of aggregate indebtedness to net capital is .0942 to 1.

**SECURITIES RESEARCH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**9. Income Taxes**

The Company is included in the consolidated federal income tax return filed by its Parent. The Company files its own state income tax returns. The current and deferred portions of the income tax expense (benefit) included in the statement of operations as determined in accordance with ASC 740 are as follows:

	Current	Deferred	Total
Federal	\$ -	\$ -	\$ -
State	<u>96</u>	<u>-</u>	<u>96</u>
	<u>\$96</u>	<u>\$ -</u>	<u>\$96</u>

The Company has a net operating loss carryover of approximately \$1,170,000, determined as if the Company filed a separate federal income tax return. Based upon current tax rates, the Company has recognized a deferred tax asset from the estimated tax benefit of the net operating loss carry forwards of approximately \$303,000. The Company has a deferred tax liability, primarily attributable to unrealized gains on its marketable securities, of approximately \$178,000, which if recognized, would be fully offset by the deferred tax asset. Based upon future expected taxable income, the Company has recorded a valuation allowance of approximately \$125,000, or 100% of the expected remaining deferred tax benefit. The net change in the total valuation allowance during the year is an increase of approximately \$6,000. The net operating losses can be carried forward for 20 years from the year of the loss and expire in various years through 2038.

Accounting principles generally accepted in the United States of America require the Board of Directors to evaluate tax positions taken by the Company and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Board of Directors has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2019, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Board of Directors believes it is no longer subject to income tax examinations for years prior to 2015.

**10. 401(k) Savings Plan**

The Company maintains a 401(k) savings plan (the Plan). Substantially all employees of the Company who are scheduled to work at least 1,000 hours during each year of employment are eligible to participate in the Plan. Employees can make elective deferrals of their compensation on a pretax basis subject to certain limits. The Company matches the first 3% of employee contributions. The Company did not make any contributions for a 401(k) match in 2019.

**SECURITIES RESEARCH, INC.**  
**COMPUTATION OF NET CAPITAL UNDER SEC RULE 15c3-1**  
**DECEMBER 31, 2019**

Schedule "1"

<b>SHAREHOLDERS EQUITY PER STATEMENT OF FINANCIAL CONDITION</b>	<b>\$2,124,942</b>
Deductions and/or charges:	
Non-allowable assets	
Prepaid expenses	<u>2,737</u>
<b>NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITION</b>	<b>2,122,205</b>
Haircuts on securities	<u>369,289</u>
<b>NET CAPITAL</b>	<b><u>1,752,916</u></b>
<b>AGGREGATE INDEBTEDNESS</b>	
Accounts payable and accrued expenses	<u>\$ 165,043</u>
<b>MINIMUM CAPITAL REQUIRED</b>	
The greater of \$250,000 or 6 2/3% of aggregate indebtedness	<u>\$ 250,000</u>
<b>NET CAPITAL IN EXCESS OF MINIMUM REQUIREMENT</b>	<b><u>\$1,502,916</u></b>
<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<b><u>.0942 to 1</u></b>

See independent auditor's report and accompanying notes to financial statements

**SECURITIES RESEARCH, INC.**  
**RECONCILIATION OF NET CAPITAL**  
**PURSUANT TO SEC RULE 17a-5 (d)(4)**  
**DECEMBER 31, 2019**

Schedule "2"

Net Capital, per Form X-17a-5 as of December 31, 2019, unaudited	\$1,752,916
Audit adjustments	<u>-</u>
Net Capital per Accompanying Computation of Net Capital Under SEC Rule 15c3-1	<u>\$1,752,916</u>

See independent auditor's report and accompanying notes to financial statements

**SECURITIES RESEARCH, INC.  
COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS UNDER RULE 15c3-3  
DECEMBER 31, 2019**

Schedule "3"

The Company was exempt from the provisions of Rule 15c3-3 pursuant to Section (k)(2)(ii) under the Securities and Exchange Act of 1934 for the year ended December 31, 2019.

See independent auditor's report and accompanying notes to financial statements.

**SECURITIES RESEARCH, INC.  
INFORMATION RELATING TO THE  
POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3  
DECEMBER 31, 2019**

Schedule "4"

The Company was exempt from the provisions of Rule 15c3-3 pursuant to Section (k)(2)(ii) under the Securities and Exchange Act of 1934 for the year ended December 31, 2019.

See independent auditor's report and accompanying notes to financial statements.

**HOROWITZ & ULLMANN, P.C.**  
Certified Public Accountants

A member of the  
AICPA Center for Audit Quality  
New York State Society of CPAs  
PCAOB registered

232 Madison Avenue, Suite 1200  
New York, NY 10016  
Telephone: (212) 532-3736  
Facsimile: (212) 545-8997  
E-mail: cpas@horowitz-ullmann.com

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
of Securities Research, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Securities Research, Inc. (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which Securities Research, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3:(k)(2)(ii) (the "exemption provision") and (2) the Company stated that Securities Research, Inc. met the identified exemption provision throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provision and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Horowitz & Ullmann, P.C.*

New York, NY  
February 26, 2020

**SECURITIES RESEARCH, INC.**  
**EXEMPTION REPORT PURSUANT TO RULE 15C3-3**  
**YEAR ENDED DECEMBER 31, 2019**


Securities Research, Inc., (the "Company"), is a registered broker-dealer subject to Rule 17a-5 promulgated by Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

(1) The Company claimed an exemption from 17 C.F.R. §240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3(k)(2)(ii).

(2) The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3(k) throughout the fiscal year ended December 31, 2019 without exception.

**Securities Research, Inc.**

I, Thaddeus Cook, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: 

Title: President  
February 26, 2020

**HOROWITZ & ULLMANN, P.C.**  
Certified Public Accountants

A member of the  
AICPA Center for Audit Quality  
New York State Society of CPAs  
PCAOB registered

232 Madison Avenue, Suite 1200  
New York, NY 10016  
Telephone: (212) 532-3736  
Facsimile: (212) 545-8997  
E-mail: cpas@horowitz-ullmann.com

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON APPLYING AGREED UPON PROCEDURES**


To the Board of Directors and Shareholders  
of Securities Research, Inc.

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below, and were agreed to by Securities Research, Inc. (Company) and the SIPC, solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2019. Management of the Company is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed, and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
- 2) Compared the total revenue amounts reported on the annual audited report Form X-17A-5 Part III for the year ended December 31, 2019, with the total revenue amounts reported in Form SIPC-7 for the year ended December 31, 2019 noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the SIPC and is not intended to be and should not be used by anyone other than these specified parties

  
New York, NY  
February 26, 2020

**SECURITIES RESEARCH, INC.**  
**SUPPLEMENTAL REPORT – SIPC SCHEDULE OF**  
**ASSESSMENT AND PAYMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

Total revenue	\$1,369,718
Deductions:	
Gain on investment securities	147,271
Commissions, floor brokerage and clearance paid to other brokers and dealers in connection with securities transactions	60,104
Margin interest (40%) earned on customers accounts	<u>104,425</u>
Total revenue, subject to assessment	<u>1,057,918</u>
Computation of assessment:	
For the year ended December 31, 2019 @.0015	\$ 1,587
Less: Payments	
July 2019	<u>802</u>
Balance Due	<u>\$ 785</u>